
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

School Property Tax Control Board Meeting Minutes June 15, 2006

The monthly meeting of the School Property Tax Control Board was held on Thursday, June 15, 2006. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Joe Bronnert, Dave Bowen, Chuck Nemeth, Richard Besinger, Morris Mills, Kurt Barrow and Teresa Hemmerle, Administrative Officer.

Minutes and Discussion: May 18, 2006 meeting minutes.

Mr. Bronnert discussed the fact that control board votes are not always unanimous and the DLGF will allow the projects to proceed. He requested control board members receive copies of orders for projects receiving at least two no votes. Ms. Herndon noted the Commissioner of the DLGF often asks school corporations for further information upon her review.

Danville Community School Corporation, Hendricks County: Officials requested approval of a lease rental agreement with maximum annual payments of \$3,254,000 for 23 years. Total project costs are \$30,000,000. The tax rate impact is \$0.26 and a new facility rate impact of \$0.1068 expected. The common construction wage was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process. At \$127 a square foot, the project is under the Department's thresholds for construction of a new middle school, which is \$146 per square foot.

Present for the hearing was John McKinney, Superintendent; Denny Leathers, Business Manager; Scott Bess, School Board President; Robert Wood, School Attorney; Mary Ellen Wolf and Anna Marie Burrell, Schmidt Associates; Larry Dawese and Jason Jeffries, Envoy; Tom Grabill and Nate Day, Educational Services Company and Jane Herndon, Ice Miller.

Project: This project consists of work at three locations. The major project is the construction of a new 5/6-7/8 school building. Also included in this project is the remodeling of the current maintenance and transportation facility into a transportation service center and the construction of a new maintenance center.

The Danville 5/6-7/8 building is a one-building structure intended to house two separate grade level schools. The building is programmed to house 600 5/6 grade students and 600 7/8 grade students at 30 students per classroom. The overall square footage is designed to be 187,000 square feet. The square footage of the building as a whole is made very efficient with the shared core spaces such as gymnasium space, cafeteria space, music facilities, Media Center and Administrative offices. The building is structured in a "T" configuration with the use of two

different construction types. The two story classroom front of the building is to be constructed with metal stud, structural steel and masonry veneer. The shared core spaces and back of the building are to be constructed with a pre-engineered metal building. The site is located adjacent to the existing Danville South Elementary and existing playing fields are to be shared between the two buildings. No new athletic fields are planned for this project. This project is identified as building number one in the hearing information sheet materials.

Due to the growth of the school corporation over the last several years, the building that now houses maintenance and transportation services needs to be dedicated solely to pupil transportation services. This project includes the remodeling of both the building itself and the parking areas around the building to accommodate the servicing and storage of more buses. This project is identified as building number two in the hearing information sheet materials.

The last part of this project is the construction of a pre-engineered building on the 5/6-7/8 site to be the service center for food service, maintenance, housekeeping, and warehouse activities. It is anticipated that this structure will be no more than 15,000 square feet. This building is identified as building number three in the hearing information sheet materials.

Comments: The Superintendent spoke about the project. The district is of moderate size and experiencing 3% to 6% growth per year. The demographic study conducted by Indiana University was only one student off at the end. They are located just outside Avon, which is an area experiencing tremendous growth. The district enjoys consistently strong test scores. This project began a couple of years ago and a committee was formed and met with many members of the community.

The School Board President continued the discussion. The school board was committed to do this project right and keep everyone involved at all levels of planning. There were more than 45 public meetings held with varying attendance. Officials attempted to minimize the cost of this project while maximizing the academic space. They have been complimented by those in neighboring communities for the time they have put into this project. There have been no negative comments throughout all the public meetings. He represents a rural area and has not heard anything. The only negative comments expressed were questions of whether this project accomplishes enough. The school board supports this project as well as the community.

The Superintendent continued the presentation. The project will affect three of the four buildings in the district. The overcrowding will be relieved at both of the elementary schools. The current middle school has 7 to 8 years in its useful life remaining. The proposed project is a 5-6/7-8 building to house 1,200 students and allows them to remove a grade from the two elementary schools. This project should address their needs and growth over the next 7 to 10 years and allow for full day kindergarten. They have one of the lowest student to assessed value ratios due to the lack of industrial development in the district. Officials are concerned about their debt to assessed value ratio of 12% after this project, but they want to stay ahead of the growth. The cost of this project is well within the DLGF construction cost guidance.

Mr. Bowen asked what would happen to the current middle school. The Superintendent said that has not been determined, but possible uses include an alternative school, a county-wide charter

school or used in conjunction with a community park. The building will not be torn down. Mr. Bowen asked about the size of the current middle school and officials replied 68,000 square feet. Mr. Bowen asked if the building would still be maintained at a cost to the school corporation and the Superintendent said they might be able to get some partners in the use of the facility. Mr. Bowen asked for a cost estimate to maintain the facility. The Business Manager said it would be a little less since no children would be in it, but it will still be expensive. The Superintendent noted the community wants the building used in some capacity.

Mr. Besinger asked if officials considered an addition to the current middle school. The Superintendent said it was considered, but the site is limited in size. A minimal addition would be possible, but that would not address the problems at the elementary schools.

Mr. Nemeth asked how the 45 public meetings were advertised. The Superintendent said most of the meetings were held in conjunction with school board work sessions, but there were also times set for meetings with officials. Mr. Nemeth asked if they advertised these meetings. The Superintendent said they included notices in the school newspaper, sent notes home with students and placed information on their website. Mr. Nemeth asked how the construction manager was selected. The Superintendent said it was done as usual through proposals. Mr. Nemeth asked how officials settled on the firm chosen since the fees are lower than the control board typically has seen. The Superintendent said the company was interested in the project and came in with great ideas. It was explained a new facility that is part of this project is for maintenance use only and there will be nothing new built for the food service program.

Mr. Besinger questioned the total cost including principal and interest reported on page 6 of the supplemental information submitted by Educational Services Company. He calculated total principal and interest as over \$53 million, but the information reports \$50 million. Mr. Grabill said that report removes the capitalized interest. Mr. Besinger questioned that not being included in the total. Mr. Grabill replied it was included in the budget and it could have been included in this report. The lease rental payments are not affected by this difference. Mr. Besinger asked if the \$63,800 listed for the maintenance position was the salary only. The Business Manager said it also includes benefits.

Mr. Mills asked if this middle school is similar to one in Decatur Township, Marion County. The Superintendent said it is not exactly the same, but both utilize the concept of two schools on one site.

Mr. Nemeth questioned no principal repayment until 2010. Mr. Grabill said the first payment is December 2008. Mr. Nemeth asked if the payment schedule is to maintain a level tax rate. Mr. Grabill said it certainly helps the tax rate. The initial rate impact calculated was \$0.34 and went down to \$0.26 at the 1028 hearing. The estimate now is \$0.21 and could be closer to \$0.16. He said the community supports the project even with a higher tax rate impact. An interest rate of 5.3% has been used, but the interest rates currently are at 4.6%. Mr. Nemeth asked about the effects of the Circuit Breaker legislation. Mr. Grabill said there has been no study done on it yet, but they will need to since bond insurers are asking them about it. They are seeing much higher bond insurance quotes and some are not even submitting quotes anymore. The Superintendent said he wanted to present a worse case scenario to their taxpayers.

Mr. Bronnert asked what will be moved to the current maintenance facility and the Superintendent replied food service and housekeeping. What energy efficiency programs have officials put in place currently to address rising utility costs. The Superintendent said they have dropped the building temperature 3 degrees and that has led to many complaints. Officials have also begun purchasing gas in bulk. They might consider a geo-thermal system, but the \$30 million budget might eliminate that as a possibility.

Mr. Bowen commented on the performance of the students on ISTEP and the number of students in the honors program. Mr. Bowen asked about the low number of students taking the SAT while a larger percentage is going on to college. The Superintendent said their students mainly take the ACT since they are one of the testing centers.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$3,254,000 for 23 years. Mr. Mills seconded the motion, which carried by a vote of 4-1-1. Mr. Besinger cast the dissenting vote and Mr. Barrow abstained.

South Madison Community School Corporation, Madison County: Officials requested approval of a general obligation bond issue in the amount of \$550,000. Total project costs are \$550,000. The term of the bond is 10 years. The tax rate impact is \$0.0126 with no new facility appeal planned. The common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Steve Custer, Business Manager; Joe Buck, School Official; Lonnie Therber, Therber and Brock and Jane Herndon, Ice Miller.

Project: This project will provide a new bus parking facility and fueling station which will consist of 44 bus parking spaces, fueling station and associated power and lighting. There will be no building, only a canopy over the fueling station.

- The parking lot will consist of parking for 44 buses with a 6' wide sidewalk in the center, a 15' concrete apron extending from the curb, and heavy duty asphalt paving beyond the concrete.
- The fueling station will consist of two (2) underground fueling storage tanks and two (2) fueling islands with two (2) dual hose pumps on concrete pads covered by a lighted canopy. A fuel management system will be installed with card reader operations at each island and gate.
- Storm drainage will also be installed to existing area drainage ditch.
- The parking area will be adequately lighted and pedestal-based electrical receptacles will be provided for each bus.
- The total cost of this project is estimated to be approximately \$450,000-\$500,000.

This facility will be located on the site of the Administration Center.

Comments: The Business Manager spoke about the project. The project involves constructing a fueling station and bus parking lot at the administration center. This is a first of three phases for this facility, which will be completed as needs develop. They are a growing district located

along I-69 and they are seeing growth coming from Hamilton County. They have grown over 200 students and have added a couple of bus routes in the past couple of years. The school corporation has been using independent contractors to drive their routes, but they plan to take over routes as contracts expire. They will need to purchase additional buses to cover those routes. The major cost of the project is for construction. The parking lot can easily be added to as space becomes needed. Officials purchased a building at the edge of town for the central office, which included a garage for the maintenance of school buses. The parcel also included ten acres and allows for expansion. The term of the bond is seven years and the tax rate impact is approximately \$0.0125.

Mr. Mills asked how many buses the school corporation operates. The Business Manager said they contract with 26 drivers and have another 17 corporation-owned buses that are used daily. They only had one spare bus to use this past school year. Mr. Mills asked for an estimate of the total fuel consumption. The Business Manager said the fuel tanks are filled nearly every day in the spring and fall because they are so small. They expect only to fill the new larger tanks a couple of times per year.

Mr. Barrow asked about the remaining phases of this project. The Business Manager said it would just be expanded to allow for more buses.

Mr. Besinger asked if there were no building changes proposed for the future phases and the Business Manager said no, only additional parking spaces would be added.

Mr. Bronnert asked who would oversee the project. The Business Manager said mainly Stair Associates, but the new Business Manager would as well.

Mr. Mills noted the Capital Projects fund would be a good source of funding for this project. The Business Manager explained the property was purchased from the Capital Projects fund. Mr. Mills asked how much the school paid for the property and the Business Manager replied \$1,890,000. Mr. Mills asked if officials have a problem getting contractors to drive. The Business Manager said the costs to an individual to purchase a bus are a limiting factor. It appears to be more economical to run the routes themselves.

Mr. Bronnert requested a list of equipment be sent to the DLGF. The Business Manager said a list would be sent, but the majority of the equipment cost is for a four-post lift at a cost of \$25,000.

Motion: Mr. Bowen made a motion to approve a general obligation bond issue in the amount of \$550,000 for a term of 10 years. Mr. Besinger seconded the motion, which favorably carried 6-0.

Dekalb County Central United School District, Dekalb/Steuben County: Officials requested approval of a lease rental agreement with maximum annual payments of \$5,103,500 for 10 years. Total project costs are \$21,250,000. The tax rate impact is \$0.4153 and no new facility appeal planned. The Governor's representative abstained from the common construction wage vote and

the wage scale was passed by a 3-0-1 vote. There was no application for a petition and remonstrance process.

Present for the hearing was Ken Fowble, Superintendent; Angie Lockwood, Business Manager; Dale Hummer, Director of Special Services; Rod Knox, Principal; Rob Miller, School Board member; Erik Weber, School Attorney; Kari Vilamaa and Brian Bohlender, Architects; Charles Hampel, Hilliard Lyons and Thomas Peterson, Ice Miller.

Project: The project is involves renovation and an addition to Dekalb High School.

Other HVAC/Energy Efficiency Improvements:

- Replace boilers with hi-efficiency boilers
- Replace chiller
- Replace lighting in older areas
- Upgrade hot water heating system
- Upgrade restrooms
- Reroofing
- Upgrade heating and cooling lines
- Upgrade energy management system

Other Academic Improvements:

- Shift some classroom functions-3 math rooms become 2 science rooms and a science room becomes a computer lab
- Technology upgrades (consider wireless)
- Replace electrical panels and add outlets in older classrooms

Other Safety/Security/Code Improvements:

- Install “smart” access systems and re-key locks
- Security cameras
- Modernize oldest elevator
- Replace wood frames on corridor doors/windows
- Replace upper level bleachers in main gym
- Upgrade fire alarm system
- Replace building intercom and bell/clock system
- Remove oil tank
- Add visitor parking on north side

Other Upgrades:

- Replace oldest ceilings
- Refinish student lockers
- Replace wall and floor finishes in classrooms and hallways

Cost of the remodeling portion of the project is \$16,133,702 and for the addition, the cost is \$4,792,652.

Comments: The Superintendent spoke about the project. There are four areas to be addressed at the high school in this project. The areas to be addressed are HVAC, food service, safety and security and new codes. The staff and students of the facility have been diligent in the area of energy savings. Officials have managed to maintain educational programs because of energy savings. They believe they have reached the plateau relative to energy costs. They currently participate in an energy education program. The current HVAC system is forty years old and they spend thousands to maintain it. It is difficult to find parts and the maintenance staff spends countless hours maintaining the system. The major reason for the renovation is the HVAC system. Officials are concerned about the effect of maintaining the system on their budget. They have doubled offerings with advance placement classes and need more space. The enrollment projections show they will remain stable overall, but a demographic study projects an increase at the high school level. The largest projected enrollment of 1,373 students is in 2011-2012. An addition was constructed on the high school in 1990 and enrollment was at 1,125 at that time. Even without growth, space is needed at the high school. A science lab is needed due to additional state requirements and the courses they offer. Technology needs to be upgraded as well. The equipment in the kitchen is forty years old and in poor condition. It is difficult finding parts to repair the equipment and they are not energy efficient. The dining facility was built for a smaller enrollment. There is extreme concern for student and staff safety and the project will modernize and update the security system. The entrance will also be reconfigured for security purposes. The project is strongly supported by the school board and the community. There was no opposition expressed by the community.

Mr. Bowen asked if the project only adds a kitchen and cafeteria and the Superintendent replied yes. Mr. Bowen asked if the current kitchen and cafeteria would be converted into special needs classrooms and the Superintendent said yes.

Mr. Mills asked about the effect on operating costs with this project. The Superintendent said they hope the energy savings with the new HVAC will offset the other increased operating expenses. Mr. Mills asked if the project includes electrical rewiring and the Superintendent said it does as well as plumbing upgrades. Mr. Mills asked what the cost would be to replace this facility and the Architect estimated \$40 million based on the size of the facility.

Mr. Bronnert asked if there were any other alternatives to this project. The Superintendent said they did not consider new because they felt this was the best solution. Mr. Bowen felt the building structure is in excellent condition. The Architect said there will be little work on the 1990 addition in this project. Mr. Bronnert questioned the negative interest listed on the hearing information sheet. Mr. Hampel said it represents interest during construction and they have to report it as a negative number on the form. Mr. Bronnert asked who will oversee the project. The Superintendent said they have an extended services contract with the architect and a school employee will oversee the project as well. Mr. Bronnert noted the large increase in the debt service tax rate in the fifth year of repayment. The Business Manager replied this would not be a burden as the total tax rate does not increase. Officials have tried to manage the interest expense and the tax rate.

Mr. Nemeth asked why the building corporation does not include school patrons. Mr. Hampel said it has historically been handled in this manner in this school district and some of their other clients.

Mr. Bronnert noted the short term of this lease rental agreement. The Superintendent said that was to reduce the interest on this project.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$5,103,500 for 10 years. Mr. Bowen seconded the motion, which favorably carried by a vote of 6-0.

Mr. Mills suggested the cost estimate to replace a facility that is being renovated could be helpful for the control board members to know.

Adjournment: There was no further business to discuss and the meeting was adjourned.